No Place Like Home (NPLH) Program
Proposed Program Guideline Amendments

California Department of Housing and Community Development

June 4, 2019

NPLH Background

- Signed into law on July 1, 2016.
- Authorization of up to $2 billion in bond proceeds to invest in the development of permanent supportive housing for persons who are in need of mental health services and are experiencing homelessness, chronic homelessness, or who are at risk of chronic homelessness.
- The bonds are repaid through Mental Health Services Act revenues of up to $140 million per year.
- Voters approved Proposition 2, November 2018

Summary: NPLH in a Nutshell

Investment:	Authorization of up to $2 billion in funding • $1.8 billion Competitive/Alternative Program • $190 million Noncompetitive/Over-the-Counter • $6.2 Million in Technical Assistance Grants
Applicants:	Counties (alone or may partner w/housing development sponsor)
Beneficiaries:	Adults with serious mental illness, children with severe emotional disorders and their families, and persons who, among other things, require or are at risk of requiring acute psychiatric inpatient care, residential treatment, or outpatient crisis intervention who are: • Homelessness • Chronically Homeless • At-risk of Chronic Homelessness
Program Goals:	Addressing the Need • Deep Targeting of Hardest to House • Expanding Pool of Developers serving these populations • De-concentration and Integration

Accomplishments to Date

- Awarded approximately $6 million in NPLH Technical Assistance (TA) funds

- Awarded over $300 million in development funds to 3 of the 4 Alternative Process Counties (APCs) for award to local projects they select
  - San Diego, LA, and Santa Clara NOFAs released
  - SF to be awarded in Summer of 2019

- Currently evaluating housing development applications for 45 projects located in the non-APC counties
  - Awards for selected projects expected in June 2019

Proposed Guideline Amendments

- Initial Guidelines adopted July 2017

- Changes needed following Round 1

- Public comments accepted through June 10

- Submit to NPLH@hcd.ca.gov

- Amendments finalized September 2019

- Round 2 NOFA released in September

Proposed Guideline Amendments

- Goals:
  - Increase effectiveness and efficiency
  - Round 1 lessons learned
  - Technical clean-up

Increase Effectiveness and Efficiency

- Aligning with other HCD Programs
  - Same per unit subsidy limits for capital costs
    - Will assist with higher construction costs
    - Keep NPLH on par with other HCD supportive housing or special needs programs
    - Capitalized Operating Subsidy Reserve (COSR) per-unit limits methodology not changing except for planned Consumer Price Index (CPI) increases; although Department may exercise greater flexibility in COSR sizing over time

Increase Effectiveness and Efficiency

- Same developer fee calculation
  - See developer fee changes memo published with the Veterans Housing and Homelessness Prevention (VHHP) Program and Transit Oriented Development Housing (TOD) Program Guidelines for further explanation

- Transition Reserves (TR)
  - Flexibility in sizing based on risk of rental subsidy source not renewing
  - Flexibility in determining how high rents can be raised after TR is gone
  - Department or APCs may hold TRs, rather than the projects

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Increase Effectiveness and Efficiency

- Stacking rules
  - —1 HCD funding source per-unit for most programs
  - —Applies to APC loans as well

  - —Exemptions include, but not limited to, Community Development Block Grant (CDBG), Home Investment Partnerships (HOME) Program, non-housing activities, existing HCD loans/grants that are recapitalized as part of a rehab

Increase Effectiveness and Efficiency

- Stacking rules
  - —Layering NPLH Noncompetitive Allocation and Competitive Allocation funds on same unit is still permitted
  - —Non-HCD sources on NPLH units is still permitted
  - —Other HCD sources on Non-NPLH units is still permitted

Increase Effectiveness and Efficiency

- Why prohibit stacking?
  - With increased per unit subsidy limits, saves time in having to get multiple HCD sources per unit
  - Eliminates potentially conflicting HCD program requirements on the same units

Increase Effectiveness and Efficiency

- Treatment of TCAC Hybrid Projects
  - 9% and 4% components must submit separate applications if seeking NPLH funding for both components
  - Project scored as a 9% project for financing committed Readiness points
  - Leverage – 4% component funds count automatically; 9% component funds must be committed to count in leverage score
  - Hybrid election not revocable once made

Comments?

Round 1 Lessons Learned

- Undersubscription in one or more Competitive Allocation funding pools

  Department may:

  - Transfer to oversubscribed pools to fund as many eligible, feasible projects as the NOFA amount will permit
  - In following round, these amounts will be available to previously undersubscribed competitive funding pool(s)
  - 3 to 4 funding rounds remain

Round 1 Lessons Learned

- Site control through anticipated award date in NOFA

- Article XXXIV approval prior to award

- Loan Closing Deadlines (from HCD award)
  - 36 months construction close
  - 60 months perm close
  - Extensions of up to a total of 12 months may be requested

Round 1 Lessons Learned

- Documents needed with Application (partial list)
  - Market Study
  - Appraisal
  - Phase I/II (new construction) or
  - Lead-based paint, asbestos, mold (rehab)
  - PTR
  - Service Provider, Property Manager experience documentation
  - County Supportive Service Plans (expect changes to application form)
  - Relocation Plan or documentation as to N/A
  - Documentation justifying exemption from 1:1 replacement rule
  - Authorizing Resolutions from both the County and the Development Sponsor

Round 1 Lessons Learned

- Enforceable Funding Commitments needed for leverage and financing committed points
  - Noncompetitive sources exempt:
    - o 4% tax credits/bonds
    - o Deferred developer fee
    - o NPLH Noncompetitive Allocation funds accepted by the County prior to 8-15-19
  - Other HCD sources must be awarded prior to finalizing preliminary point scores

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Round 1 Lessons Learned

- Commitment Letters must contain:
  - Applicant or Development Sponsor name
  - Project name, site address, Assessor's Parcel Number (APN), or legal description
  - Amount, interest rate, terms
  - May not be conditional, except that commitments conditioned on receipt of 4% or 9% tax credits are generally acceptable

Round 1 Lessons Learned

- Counting land donations of leased land
  - Value at time of donation established by appraisal
  - Appreciation, up-front lease payments, mandatory annual lease payments over $100, and administrative fees or residual receipts will discount this value

Round 1 Lessons Learned

- Evidence-based practices evaluated for lead service provider through verification provided by the County

- Phase I/II removed as a scoring item - now required for rental new construction (RNC)

- Design review approval removed as a scoring item

Comments?

Technical Clean-Up

- If County is using Coordinated Entry System (CES) for its At-Risk if Chronic Homelessness referrals as well as for it's Chronic Homeless, and Homeless referrals, the project will not be held to serving specific numbers or percentages within these subpopulation groups

- Let local CES protocols drive who is served based on that vulnerability prioritization system.

Technical Clean-Up

- Loan pay-down or pay-off, monitoring fee calculated based on original loan amount
  - Current department practice necessary to sustain long term monitoring (LTM) function over period of affordability.
  - Amount of fee may be re-set at Year 30 as necessary to cover Department monitoring costs

Technical Clean up

- Clarify actual dates for Noncompetitive Allocation
  - August 15, 2019 (Allocation Acceptance)
  - August 27, 2019 (Shared Hsg Desig Form)
  - Feb 15, 2021 (Last day for Application and Homeless Plan Submission)
  - August 15, 2023 (Expenditure)

Technical Clean up

- In tax credit projects, Department will defer to judgement of TCAC in approving exemptions from accessibility requirements

- Re-ordering of requirements in Project Threshold section to better reflect when items are evaluated

Alternative Process Counties(APC) Changes

- Designation required only once unless designation is revoked or relinquished

- Can establish alternate methods for setting per unit subsidy limits other than based on AMI targeting or unit size

- Increase number of draws per year to up to four

- Conforming language to new Department stacking rules

Shared Housing

- Can establish alternate methods for setting per unit subsidy limits other than based on AMI targeting or unit size

- Conforming language to new Department stacking rules

Comments?

Submitting Public Comments

- Written Comments: NPLH@hcd.ca.gov
  - Comments due no later than 5 PM on June 10
- Public Hearings:
  - May 29: Santa Ana City Council Chambers 10 AM
  - June 4: Webinar

Technical Assistance Opportunities at HCD

Available Assistance

Capacity Building	Create or update Homeless plans	Setting basic and uniform expectations for Coordinated Entry Systems	Improving local Homeless Management Information Systems (HMIS) data quality or increasing participation rate or coverage	• Access and deploying resources • New tools and guidance
Housing First	Conversion of emergency shelters to a low barrier or a Housing First Shelter	Adopting and incorporating Housing First for all homelessness programs	Improve or establish a diversion strategy to prevent homelessness or reduce the demand for shelter beds	
Housing Stability	Establishing or improving rates of exits from homelessness into permanent housing	Assist RRH to move individuals and families into permanent housing	Innovative solutions to engage landlords and identify creative housing solutions in challenging rental markets	

Eligible recipients include CoCs and Counties that administer or receive a direct allocation from HCD

HCD Technical Assistance

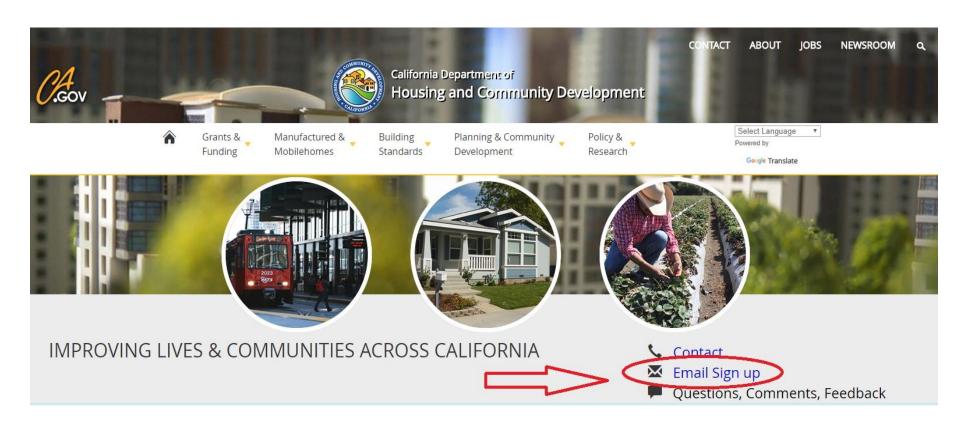|	
Program Overview:	• Derives its funds from Emergency Solutions Grant (ESG) and No Place Like Home (NPLH) TA set-asides. • Up to $2.175 Million → *approx. 13,000 hours of TA*
Recipients:	CA Counties and Continuums of Care eligible for either or both ESG and NPLH Programs
Program Goals:	• Complement the jurisdictions' TA efforts • Streamline TA opportunity where feasible • At least 50% of eligible recipients should receive TA within 12 months
Selected Consultants:	• Technical Assistance Collaborative, Inc. (TAC) → *Building Capacity* • Corporation for Supportive Housing (CSH) → *Housing Stability* • The Center for Common Concerns (Home Base) → *Housing First*

Accessing TA

- Apply on HCD website
- Under the Grants and Funding drop-down menu go to the Training and Technical Assistance webpage.
- 3-page application form
- No contract with HCD or the TA provider
- No Authorizing Resolution needed

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